

Explanatory Memorandum to the Animal By-products, Pet Passport and Animal Health (Fees) (Wales) (Amendment) Regulations 2023

This Explanatory Memorandum has been prepared by the Office of the Chief Veterinary Officer and is laid before the Senedd Cymru in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Animal By-Products, Pet Passport and Animal Health (Fees) (Amendment) Regulations 2023. I am satisfied the benefits justify the likely costs.

Lesley Griffiths MS
Minister for Rural Affairs and North Wales, and Trefnydd

13 June 2023

1. Description

The Animal and Plant Health Agency (APHA) deliver a wide range of services for a wide range of end users. It is appropriate to consider applying a charge to businesses that benefit from a service to recover the full cost recovery (“FCR”) of delivering the service rather than looking to the taxpayer to subsidise it. APHA currently charges end-users for a number of services, however; charges for some services do not reflect the full cost of delivering the service.

2. Matters of special interest to the Legislation, Justice and Constitution Committee

None

3. Legislative background

These Regulations are being made by the Welsh Ministers in exercise of the powers conferred by paragraph 7(2) of Schedule 4 and paragraph 21(b) of Schedule 7 to the European Union (Withdrawal) Act 2018 and section 10 of the Animal Health and Welfare Act 1984 and are subject to the draft affirmative resolution procedure. The Regulations amend the Animal By-Products and Pet Passports (Fees) (Wales) Regulations 2018 (S.I. 2018/646 (W. 120)) (“the Animal By-Products Regulations 2018”) and the Animal Health (Miscellaneous Fees) (Wales) Regulations 2018 (S.I. 2018/650 (W. 122)) (“the Animal Health Regulations 2018”) together “the 2018 Regulations”. The amendments modify the fees payable to the Welsh Ministers under the 2018 Regulations for services provided in the field of animal health by the Animal and Plant Health Agency to reflect FCR of those services.

These Regulations amend the Animal By-Products and Pet Passport (Fees) (Wales) Regulations 2018 by:

- modifying the fees payable to the Welsh Ministers for services carried out in relation to animal by-products. The fees, where increased, are increased by the medium average uplift of 41% from the current fees in two steps: the first increase applies on or after 5 July 2023, the second increase applies on or after 1 July 2024.
- inserting a definition of “Official Controls Regulations”, to be defined as “Regulation (EU) 2017/625 of the European Parliament and of the Council of 15 March 2017 on official controls and other official activities performed to ensure the application of food and feed law, rules on animal health and welfare, plant health and plant protection products”. Consequential amendments are also made to the Animal By-Products Regulations 2018 substituting references to Article 45 of the EU Control Regulation with Article 20 of the Official Controls Regulations.
- omitting regulation 5 of the Animal By-Products Regulations 2018 to remove the fees payable for a batch of 20 blank identification documents and services carried out in relation to the provision of pet passport identification documents.

These Regulations amend the Animal Health (Miscellaneous Fees) (Wales) Regulations 2018 by:

- amending references to “border inspection post” to “border control post”.
- inserting regulation 2A into the Animal Health Regulations 2018 to clarify the fees payable where an activity is carried out over a period during which different fees apply.
- amending the definition of “poultry health scheme”, now defined as “the scheme established by the Secretary of State governing the export or movement of birds or hatching eggs to the EU, Northern Ireland or specified non-EU countries, published on 22 July 2021”.
- modifying the fees payable to the Welsh Ministers for services carried out in relation to salmonella controls. The fees, where increased, are increased by the medium average increase of 53% from the current fees in two steps: the first increase applies on or after 5 July 2023, the second increase applies on or after 1 July 2024.
- modifying the fees payable to the Welsh Ministers for services carried out in relation to the poultry health scheme. The fees are increased by the medium average uplift of 21% from the current fees. Increases to certain poultry health scheme fees are in two steps: the first increase applies on or after 5 July 2023, the second increase applies on or after 1 July 2024. Increases to the remainder of the specified poultry health scheme fees are in a single step, the increase applies on or after 5 July 2023.
- modifying the fees payable to the Welsh Ministers for services carried out in relation to artificial breeding controls. The fees are increased by the medium average uplift of 65% from the current fees in two steps: the first increase applies on or after 5 July 2023, the second increase applies on or after 1 July 2024.
- modifying the fees payable to the Welsh Ministers for services carried out in relation to border control posts. The fees are increased by the medium average uplift of 34% from the current fees in a single step, the increase applies on or after 5 July 2023.

4. Purpose & intended effect of the legislation

Officials from each of the 3 GB Administrations in liaison with APHA have been taking forward a project to review existing APHA charges.

The purpose of this instrument is to provide for a revision in the fees payable in relation to statutory services delivered by APHA, to achieve FCR of such fees.

APHA delivers a wide range of services for a wide range of end users. These include for example, facilitating trade in animals and animal products through a range of inspection and certification services; approval and inspection of premises handling animal by-products and licensing of events where animals are gathered such as markets and shows. Businesses using the services range from large companies to small and micro businesses.

APHA is an executive agency of Defra but responsibility for funding policy delivery in Wales rests with the Welsh Government. The consequence of not introducing these changes would be a gap in funding provisions, which the Welsh Government is likely to become liable for.

Wales specific data has been presented and used to estimate the impact to businesses in Wales.

5. Consultation

APHA initial communications were published on GOV.UK on 18 August 2022. (<https://www.gov.uk/government/news/charges-and-fees-for-services-provided-by-apha>) Further information was issued on 10 March 2023. (<https://www.gov.uk/government/news/apha-fees-and-charges-review-20222023-update>)

6. Regulatory Impact Assessment - Introduction

This RIA covers the five services included in this affirmative SI:

- National Control Programme-Salmonella
- Poultry Health Scheme
- Artificial Breeding Controls
- Border Control Posts
- Animal By-Products

With the exception of Border Control Posts (“BCP”) (recommend immediate increase to FCR), we are evaluating three options:

- Option 0-Retain existing fees.
- Option 1-Increase fees on a phased basis, leading to FCR after one year.
- Option 2-Increase fees to achieve FCR without phasing.

The 50% quoted throughout the RIA refers to 50% of the overall increase needed to achieve FCR. (Ie not 50% increase of current fees)

HM Treasury (“HMT”) have agreed with the APHA approach to cap travel time at 90 minutes per visit (including the return journey). This will ensure that businesses are not disadvantaged who are located further away from APHA offices or are based in remote locations.

Travel time will be charged from the closest APHA field office to the premises. APHA will combine visits wherever possible to ensure that travel costs are minimised.

For the purpose of the Animal By-Products, Pet Passport and Animal Health (Fees) (Amendment) Regulations 2023, Welsh Ministers have capped travel time at 45 minutes one way or 90 minutes per return journey using $\frac{1}{4}$ hour units. £84 is the 2018 capped rate for Animal Health Officers (£14 per $\frac{1}{4}$ hour X 6 $\frac{1}{4}$ hour units) – This equates to £56 per hour. £126 is the 2018 capped rate for Veterinary Officers (£21 per $\frac{1}{4}$ hour X 6 $\frac{1}{4}$ hour units) This equates to £84 per hour).

For the Animal By-Products, Pet Passports and Animal Health (Fees) (Wales) Regulations 2023, with the exception of BCPs, the ¼ hours units have changed to £12 for Animal Health Officers and £22 for Veterinary Officers. Capped fees are therefore £72 and £132 (and using 4 units to calculate an hourly rate, £48 and £88). The reason for the Animal Health Officer reduction is that they have now been grouped with Executive Officers (Historically, there were field staff, science staff and administration staff)

The only exception is BCPs, which is using £16 per ¼ hour (both in 2018 and 2023), however Wales does not have any Airport BCPs.

Government must recoup costs wherever possible to avoid cross-subsidisation by the general taxpayer. To stop providing the services altogether as a way of avoiding the need to apply charges is not considered an option due to the risk to animal and human health.

Within the boundaries set by HMT guidance, APHA have been able to apply a cap to travel time charges and are also able to phase in some new fees towards FCR. This may be considered as options applied to help mitigate the impact of charges.

7. Risks and Benefits

Funding for delivery of animal health and welfare policies is subject to considerable pressures. There is a risk if government spending should decrease then services may become compromised, posing a risk to human or animal health. Introducing charges, which cover the cost of providing the service ensures services can continue to be provided.

- Reduce demand, for the service if some market sectors become unprofitable
- Potentially increasing cost to domestic market and importers
- Increases the risk of non-compliance.

Detailed Regulatory Impact Assessments

8. Salmonella - National Control Programme (Fee increase only)

We are recommending phasing the new fees over two years:

- 5 July 2023 to 30 June 2024 – 50% uplift of the fees
- 1 July 2024 – “FCR using the latest charging methodology

Current legislation covering fees is Statutory Instruments – England 2018/664, Scotland 2018/177 and Wales 2018/650.

Salmonella National Control Programmes (“NCP”) controls against salmonella in poultry flocks across the EU. This includes salmonella surveillance in commercial chicken and turkey flocks across Great Britain.

Chicken and turkey keepers have to pay fees for official “NCP” samples collected from their flocks by:

- the Animal and Plant Health Agency (APHA)
- an approved Independent Control Body (ICB) and tested by APHA

Keepers also must pay fees to cover the cost of:

- optional additional tests in the case of a likely false positive result (if agreed by APHA)
- samples they’ve taken that APHA test (operator samples)

[Approved private laboratories](#) have to pay fees to become approved to carry out tests.

Due to methodology changes in APHA’s cost recovery (Charge Out Rates) and review of The work performed by APHA, they are no longer full cost recovering on this scheme. The Proposed Fee increases are shown in the table in the section below.

The lab fees reflect the current 2022/23 fees.

APHA Fees and Charges team recommend 12 months uplift (5 July 2023 to 30 June 2024) at 50% for all fees except the Add-on Charges and then FCR (as shown in the Proposed Fees column below) from 1 July 2024. Although this will delay achieving FCR, it should be more acceptable to the customers and other stakeholders, considering the size of the increases. Both sets of fees would be identified in the Affirmative SI Amendments, as shown in the following tables:

Table 1 - Fees payable by the person in charge of chicken or turkey holding from which an official sample is taken, processed, and examined for the purposes of Regulation (EC) No 2160/2003

Activity	Wales volumes (adjusted to pre-Covid levels)	Option 0 Current Fees	Option 1 Phased Fees from 5 July 2023 to 30 June 2024	Option 1 FCR of fees from 1 July 2024	Option 2 FCR of fees from 5 July 2023
Time spent in obtaining an official control sample for examination in a laboratory (in this table the “time fee”) (in addition to the fees specified below, unless otherwise specified in column 2) - per quarter hour or part quarter hour spent	82	£ 9.00	£ 12.00	£ 12.00	£ 12.00
Time spent by an animal health officer travelling to and from premises for the purpose of activities below - per quarter hour or part quarter hour spent, up to 6 units	160	£ 14.00	£ 12.00	£ 12.00	£ 12.00
Taking an official control sample from a chicken laying flock	47	£ 32.00	£ 41.00	£ 49.00	£ 49.00

Taking an official control sample from a chicken or turkey breeding flock	43	£ 52.00	£ 68.00	£ 83.00	£ 83.00
Taking an official control sample from a chicken broiler flock, or turkey fattening flock	10	£ 72.00	£ 95.00	£ 117.00	£ 117.00
Examination of an official control sample in a laboratory - per sample tested (time fee does not apply)	418	£ 14.00	£ 18.00	£ 21.00	£ 21.00
Totals	760	£13,290.00	£16,229.00	£18,724.00	£18,724.00

Table 2 - Fees payable by the operator of a laboratory in relation to an approval under Article 12 of Regulation (EC) No 2160/2003

Activity	Wales volumes (adjusted to pre-Covid levels)	Option 0 Current Fees	Option 1 Phased Fees from 5 July 2023 to 30 June 2024	Option 1 FCR of fees from 1 July 2024	Option 2 FCR of fees from 5 July 2023
Processing an application for an initial laboratory approval or a biennial renewal of a laboratory approval	0	£ 73.00	£ 86.00	£ 86.00	£ 86.00
Conducting inspections for quality assurance	0	£ 366.00	£ 688.00	£ 1025	£ 1025
Conducting collaborative testing for Salmonella as required to obtain and maintain approval as a testing laboratory - per test	0	£ 34.00	£ 44.00	£ 44.00	£ 44.00
Totals	0	£0	£0	£0	£0

Table 3- Fees payable by the person in charge of poultry flocks for conducting tests under point 4(b) of Part D of Annex II to Regulation (EC) No. 2160/2003

Activity	Wales volumes (adjusted to pre-Covid levels)	Option 0 Current Fees	Option 1 Proposed Phased Fees from 5 July 2023 to 30 June 2024	Option 1 FCR of fees from 1 July 2024	Option 2 FCR of Fees from 5 July 2023
Conducting tests on seven dust and faecal samples taken from each flock	0	£ 99.00	£ 123.00	£ 146.00	£ 146.00
Conducting bacteriological sampling and testing of the caeca and oviducts of 300 birds from each flock	0	£ 2,470.00	£ 3,203.00	£3,936.00	£3,936.00
Conducting bacteriological sampling and testing of the shell and the content of 4,000 eggs from each flock	0	£ 3,080.00	£ 3,517.00	£3,954.00	£3,954.00
Totals	0	£0	£0	£0	£0

Policy objective and intended effects

The objective of this policy is to charge industry the full costs of providing the *salmonella* NCP service. This is fair to users of the services and taxpayers. More generally it also promotes a better allocation of resources across the economy.

The intended effects are a fair and transparent set of charges for users of the services, and more efficient use of public resources by transferring the cost-of-service provision from the general taxpayer to the customers (farmers/food business operators). Farmers and food business operators are directly responsible for compliance with the requirements of legislation on food safety and the provision of safe food.

Expected level of business impact

APHA took 100 Official *Salmonella* Control samples in Wales. (Adjusted to pre-Covid levels) Please note, there were no labs operating in Wales incurring charges as per Table 2 when the data was collected. This applies equally to tests shown in **Table 3**. The rates shown are those being revised in the SI. The totals have been set to zero to reflect the current situation. These volumes are not expected to change significantly in the future. Approval and reapproval of laboratories is now conducted by UKAS but APHA include the fees within the legislation to allow them to resume the role in the future if required.

Please note, there were no labs operating in Wales incurring charges as per **Table 2** when the data was collected. The rates shown are those being revised in the SI with the total set to zero.

Based on visit and travel timings, the annual cost to business of the current fees is about £142k a year in GB and £13,290 in Wales. (9.4%) The annual cost from 5/7/23 will be £16,229, rising to £18,724 in Wales from 1/7/24. The percentage increases vary according to each activity, but the overall fee increase in Wales is 40.8% from 1/7/24.

There are no additional/new costs to business associated with receiving, processing and paying invoices as these are existing charges for which invoices are currently issued in the baseline.

The poultry industry in Wales is based around a relatively small number of large producers. In terms of the number of birds, the poultry industry is dominated by the production of broilers (or table chicken) for meat production.

It is assumed that although the industry in Wales is small, it is unlikely that businesses would relocate across the border because charges will be the same throughout GB.

Although the industry in Wales is relatively small, it is mainly dominated by a small number of large producers who would be better placed to absorb the costs whereas a large number of small producers would have smaller profit margins and costs would be felt to a greater extent. The fees, relative to turnover and profit of large-scale producers is lessened to some extent by the economies of scale that large producers can achieve.

Given that the charges being applied for services provided by APHA relate to a small percentage of the overall costs incurred by businesses in their day-to-day activities it is assumed that the proposed increase in costs will not dis-incentivise activity in each area.

In view of the data, option 1 is recommended, as this will allow businesses time to adjust to the increased charges. Option 2 would result in an immediate move to FCR, removing the opportunity for business to adjust to the changes, therefore this is not the preferred approach.

Competition Filter Test – National Control Programme-Salmonella

The competition filter test	
Question	Answer yes or no
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	No
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	No

The competition filter test	
Question	Answer yes or no
Q4: Would the costs of the regulation affect some firms substantially more than others?	Yes
Q5: Is the regulation likely to affect the market structure, changing the number or size of businesses/organisation?	No
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	Yes
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	Yes
Q8: Is the sector characterised by rapid technological change?	No
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	No

9. Poultry Health Scheme (Fee increase only)

We are recommending phasing the new fees for poultry establishments over two years but introducing the totality of new fees from 5 July 2023 for laboratory approvals. (Overall impact limited, ss some fees reduced)

- 5 July 2023 to 30 June 2024– 50% uplift of the fees
- 1 July 2024 – FCR using the latest charging methodology.

The Fees and Charges Team have reviewed the Poultry Health Scheme (“PHS”) Fees in the current legislation (Statutory Instruments – England 2018/664, Scotland 2018/177 and Wales 2018/650).

The PHS offers a system of registration and approval enabling establishments to comply with the requirements of Council Directive 2009/158/EC, thereby ensuring they are eligible to trade. Poultry keepers need to be members of the scheme in order to:

- 5 July 2023 to 30 June 2024– 50% uplift of the fees
- 1 July 2024 – FCR using the latest charging methodology.

APHA is responsible for implementing the PHS and maintaining the required standards. This includes the handling of applications, approval of premises, annual inspections and revocations if necessary. They report changes to membership to the Centre for International Trade, Carlisle, who maintain the register.

Due to methodology changes in APHA’s cost recovery (Charge Out Rates) and review of the work performed by APHA, they are no longer full cost recovering on this scheme. The Proposed Fee increases are shown in the table in the section below.

The APHA Fees and Charges team would recommend 12 months uplift (1 July 2023 to 30 June 2024) at 50% for all fees except the Add-on Charges and then FCR (as shown in the Proposed Fees column below) from 1 July 2024. Although this will delay achieving FCR, it should be more acceptable to the customers and other stakeholders, considering the size of the increases. Both sets of fees would be identified in the Affirmative SI

Amendments, as shown in the section below.

Table 1 - Fees for registration and approval of an establishment for the purposes of the poultry health scheme					
Activity	Wales volumes (adjusted to pre-Covid levels)	Option 0 Current Fees	Option 1 Phased Fees from 5 July 2023 to 30 June 2024	Option 1 Full FCR of fees from 1 July 2024	Option 2 Full FCR of fees from 5 July 2023
Time spent by a veterinary officer carrying out the activities specified in this Table (in this table the "time fee") (in addition to the fees specified below unless otherwise specified in column 2) - per quarter hour or part quarter hour spent	13	£ 16.00	£ 22.00	£22.00	£22.00
Time spent by a veterinary officer travelling to and from the premises of a poultry health scheme member (in this table a "scheme member") for the purpose of activities below - per quarter hour or part quarter hour spent up to 6 units	1	£ 21.00	£ 22.00	£22.00	£22.00
Annual registration as a scheme member	0	£ 55.00	£ 82.00	£108.00	£108.00
First year approval of scheme member's flock or hatchery, or combined flock and hatchery on one site, where the inspection is carried out by a veterinary officer	0	£ 27.00	£ 49.00	£71.00	£71.00
Annual re-approval of a scheme member's flock or hatchery, or combined flock and hatchery on one site where inspection carried out by a veterinary officer	2	£ 56.00	£ 62.00	£67.00	£67.00
Additional site re-approval of a scheme member's flock or hatchery where a scheme member applies at the same time for multiple sites, and the inspection is carried out by a veterinary officer	0	£ 31.00	£ 35.00	£39.00	£39.00
Annual re-approval of a scheme member's flock or hatchery, or combined flock and hatchery on one site, where the inspection is carried out by a veterinary surgeon who is not a veterinary officer - time fee does not apply	9	£ 54.00	£ 61.00	£67.00	£67.00
Additional site re-approval where a scheme member applies at the same time for multiple sites, and the inspection is carried out by a veterinary surgeon who is not a veterinary officer - time fee does not apply	3	£ 29.00	£ 34.00	£39.00	£39.00
Totals	28	£914.00	£1,083.00	£1162.00	£1162.00

Table 2 Fees payable by the operator of a laboratory in relation to an approval for the purpose of the poultry health scheme					
Activity	Wales volumes (adjusted to pre-Covid levels)	Option 0 Current Fees	Option 1 FCR of fees from 5 July 2023	N/A (See above)	N/A (See above)
Processing an application for an initial laboratory approval or a biennial renewal of a laboratory approval	0	£ 73.00	£ £86.00		
Proficiency test in respect of Salmonella bacteriology (<i>pullorum</i> , <i>gallinarum</i> and <i>arizonae</i>) - per test	0	£ 131.00	£ 158.00.		
Proficiency test in respect of Salmonella serology (<i>pullorum</i> , <i>gallinarum</i>) - per test	0	£ 321.00	£ 310.00		
Proficiency test in respect of Mycoplasma chicken serology (<i>gallisepticum</i>) - per test	0	£ 321.00	£ 310.00		
Proficiency test in respect of Mycoplasma culture (<i>gallisepticum</i> and <i>meleagridis</i>) - per test	0	£ 281.00	£ 280.00		
Proficiency test in respect of Mycoplasma turkey serology (<i>gallisepticum</i> and <i>meleagridis</i>) - per test	0	£ 336.00	£ 310.00.		
Totals	0	£0	£0		

Policy objectives and intended effects

The objective of this policy is to charge PHS users the full costs of the service. This is fair to users of the services and taxpayers. More generally it also promotes the rational allocation of resources across the economy. Following an efficiency review of PHS work processes undertaken by APHA and the introduction of a new FCR model, revised fees have been calculated to be charged to scheme members. In addition, travel costs which were originally excluded from the fees will now be charged to customers.

Expected level of business impact

There are currently 27 companies representing 245 premises that are members of the PHS and this is not expected to change significantly in the future. The businesses range in size from small to large. Memberships are paid per premises so one company may pay a number of membership fees.

Any new scheme member pays a registration and approval fee and also incurs a fee for an approval visit by an APHA Veterinary Officer (VO). To remain a scheme member each premises must undergo a renewal procedure which involves a renewed certificate and at least one yearly inspection. The member can opt for this inspection to be completed by a VO or their Official Veterinarian (OV - private sector vet authorised to undertake this work by APHA).

14 PHS approval visits were carried out in Wales during the period in question.

There were no labs operating in Wales incurring charges as per Table 2 when the data was collected. The rates shown are those being revised in the SI with totals set as zero.

Based on visit and travel timings, the annual cost to business of the current fees is about £25k a year in GB and £914 in Wales. (4%) The annual cost from 5/7/23 will be £1083, rising to £1162 on 1/7/24. The percentage increases vary according to the activity, but the overall fee increase in Wales is 27.1% from 01/07/24.

There are no additional costs to business associated with receiving, processing and paying invoices as these are existing charges for which invoices are currently issued in the baseline.

In view of the data, option 1 is recommended, as this will allow businesses time to adjust to the increased charges. Option 2 would result in an immediate move to FCR, removing the opportunity for business to adjust to the changes, therefore this is not the preferred approach.

Competition Filter Test – Poultry Health Scheme

The competition filter test	
Question	Answer yes or no
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	No
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	No
Q4: Would the costs of the regulation affect some firms substantially more than others?	Yes
Q5: Is the regulation likely to affect the market structure, changing the number or size of businesses/organisation?	No
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	Yes
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	Yes
Q8: Is the sector characterised by rapid technological change?	No
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	No

10. Artificial Breeding Controls (Fee increase only)

We are recommending phasing the new fees over two years:

- 5 July 2023 to 30 June 2024– 50% uplift of the fees
- 1 July 2024 – FCR using the latest charging methodology

The Fees and Charges Team have reviewed the ABC Fees in the current legislation (Statutory Instruments – England 2018/664, Scotland 2018/177 and Wales 2018/650).

ABC Fees are presently limited to 2 animal types, Bovine (Semen and Embryos) and Porcine (Semen). Rather than have a separate SI scheme for each of the animals and product types, the existing fees will be simplified so that one scheme covers all animals and all products. The fee will be made up of:

- a half hourly rate for the visits.
- lab tests charged as per the Weybridge fees (this is not a change from the 2018 SI)
- the time calculated will be a hybrid of time taken from all schemes proposed.

Due to methodology changes in APHA's cost recovery (Charge Out Rates) and review of the work performed by APHA, they are no longer full cost recovering on this scheme.

The Proposed Fee increases are shown in the tables in the section below.

The APHA Fees and Charges team recommend 12 months uplift (5 July 2023 to 30 June 2024) at 50% for all fees except the Add-on Charges and then FCR (as shown in the Proposed Fees column below) from 1 July 2024. Although this will delay achieving FCR, it should be more acceptable to the customers and other stakeholders, considering the size of the increases. Both sets of fees would be identified in the Affirmative SI Amendments, as shown in the section below.

Tables per scheme showing the Proposed FCR fees (to be implemented from July 2023) compared to the Existing Fees and the fees assuming the recommendation for introducing the fees uplift over two years

Bovine Semen - Fees payable by applicants and operators under the Bovine Semen (Wales) Regulations 2008					
Activity	Wales volumes (adjusted to pre-Covid levels)	Option 0 Current Fees	Option 1 Proposed Phased Fees from 5 July 2023 to 30 June 2024	Option 1 FCR of fees from 1 July 2024	Option 2 FCR fees from 5 July 2023
Time spent by a veterinary officer carrying out the specified activities in this table (in addition to each of the fees specified below) - fees are per quarter hour or part quarter hour spent	0	£ 16.00	£ 22.00	£ 22.00	£ 22.00
Time spent by a veterinary officer travelling to and from premises for the purpose of activities specified below - fees are per quarter hour or part quarter hour spent up to a maximum of 6 times the fee	0	£ 21.00	£ 22.00	£ 22.00	£ 22.00
Considering an application for approval under regulations 7 and 10 of the 2008 Regulations for use in domestic collection centre or at unlicensed premises	29	£ 20.00	£ 27.00	£ 33.00	£ 33.00
Considering an application under regulation 7 of the 2008 Regulations for approval of a bovine animal for use in a licensed collection centre	3	£ 26.00	£ 35.00	£44.00	£ 44.00
Considering an application for a licence to operate a licensed quarantine centre under regulation 4 of the 2008 Regulations	1	£ 29.00	£ 39.00	£48.00	£ 46.00
Considering an application for a licence to operate a licensed collection centre, or a licensed storage centre under regulation 4 of the 2008 Regulations	0	£ 27.00	£ 37.00	£46.00	£ 46.00
Conducting an examination of a bovine semen centre under regulation 40 of the 2008 Regulations	1	£ 17.00	£ 23.00	£28.00	£ 28.00
Conducting a routine examination of an approved bovine animal for domestic or for use for trade with a member State under Regulation 33 of the 2008 Regulations	0	£ 23.00	£ 31.00	£38.00	£ 38.00
Totals	34	£702.00	£948.00	£1163.00	£1163.00

Regulatory Impact Assessment – Bovine Semen

Background

Controls on Bovine Semen are necessary to prevent the spread of certain animal diseases transmitted through semen which can affect the economic wellbeing of the livestock industry. APHA licenses artificial insemination (AI) centres, approves and samples donor animals, and controls conditions under which semen is collected, identified and traced. This is a statutory service provided by APHA which by ensuring health status facilitates trade and encourages exports. Users are currently charged fees for different services as set out below.

Following APHA undertaking an efficiency review of Bovine Semen work processes to ensure they are as efficient as possible and the introduction of a new FCR model, which is aligned to HM Treasury guidance revised fees, have been calculated to be charged to customers. These fees will be charged on a GB wide basis.

Policy Objectives and intended effects

The objective of this policy is to charge the full costs of licensing and approval of Bovine Semen centres. This is fair to users of the services and taxpayers. More generally it also promotes the rational allocation of resources across the economy.

Following an efficiency review of Bovine Semen work processes undertaken by APHA and also the introduction of a new “FCR” model, which is aligned to HM Treasury guidance, revised fees have been calculated to be charged to scheme members. In addition, travel costs which were originally excluded from the fees will now be charged to customers.

On implementation, overall, the new fees will be higher than the current fees resulting in an increased cost to business.

Expected level of business impact

There are currently 3 companies representing the Bovine Semen sector in GB, and this not expected to change significantly in the future. These businesses are medium sized. There is one approved facility in Wales for a company based in Cheshire. There were 33 applications for Welsh companies during the period in question.

Based on visit and travel timings, the annual cost to business of the current fees is about £27k and £702 in Wales. (2.6%) The annual cost from 5/7/23 will be £948, rising to £1,163 on 1/7/24. The percentage increases vary according to the activity, but the overall fee increase in Wales is 65.6% from 1/7/24.

In view of the data, option 1 is recommended, as this will allow businesses time to adjust to the increased charges.

Option 2 would result in an immediate move to FCR, removing the opportunity for business to adjust to the changes, therefore, this is not the preferred approach.

Competition Filter Test – Bovine Semen

The competition filter test	
Question	Answer yes or no
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	No
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	No
Q4: Would the costs of the regulation affect some firms substantially more than others?	Yes
Q5: Is the regulation likely to affect the market structure, changing the number or size of businesses/organisation?	No
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	Yes
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	Yes
Q8: Is the sector characterised by rapid technological change?	No
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	No

Regulatory Impact Assessment – Porcine Semen

No table is provided as no Welsh costs invoiced in the relevant period. (See below)

Background

Controls on porcine semen are necessary to prevent the spread of certain animal diseases transmitted through semen which can adversely affect the economic wellbeing of the pig sector. APHA licenses artificial insemination (AI) centres, approves and samples donor animals and controls the conditions under which semen is collected, identified and traced. This is a statutory service provided by APHA which, by guaranteeing the health status of semen etc. facilitates trade and encourages exports. Users are currently charged fees for different services, which were introduced in June 2013, as set out below.

Following APHA undertaking an efficiency review of porcine semen work processes to ensure they are as efficient as possible and the introduction of a new FCR model, which is aligned to HM Treasury guidance (Managing Public Money) revised fees have been calculated to be charged to customers. In addition, travel costs which were originally excluded from the fees will now be included and charged to customers on an actual basis up to a capped rate of 90 minutes. These revised fees will be charged on a GB wide basis.

Policy objectives and intended effects

The objective of this policy is to charge the full costs of licensing and approving porcine semen centres. This is fair to users of the services and taxpayers. More generally charging at FCR promotes the rational allocation of resources across the economy.

On implementation, overall, the new fees will be higher than the current fees resulting in an increased cost to business.

Expected level of business impact

There are currently 5 companies representing the Porcine Semen sector in GB. These businesses are medium sized. There were no customers registered in Wales during the period in question.

The total cost to business of the current fees is about £50k a year. Although there are no Welsh businesses currently affected, this is a pre-existing Artificial Breeding Controls scheme. (Along with Bovine Semen and Bovine Embryos) Changes are needed to ensure any future Welsh Porcine ABC customers are treated consistently with the rest of GB.

Although the industry in Wales is relatively small, it is mainly dominated by a small number of large producers who would be better placed to absorb the costs whereas a large number of small producers would have smaller profit margins and costs would be felt to a greater extent. The fees, relative to turnover and profit of large-scale producers is lessened to some extent by the economies of scale that large producers can achieve.

In view of the data, Option 1 is recommended, as this will allow businesses time to adjust to the increased charges. Option 2 would result in an immediate move to FCR, removing the opportunity for business to adjust to the changes, therefore, this is not the preferred approach.

Competition Filter Test – Porcine Semen

The competition filter test	
Question	Answer yes or no
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	No
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	No
Q4: Would the costs of the regulation affect some firms substantially more than others?	Yes
Q5: Is the regulation likely to affect the market structure, changing the number or size of businesses/organisation?	No
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	Yes
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	Yes
Q8: Is the sector characterised by rapid technological change?	No
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	No

Regulatory Impact Assessment-Bovine Embryos

Controls on Bovine Embryos are necessary to prevent the spread of certain animal diseases transmitted through embryo transfer and which affect the economic wellbeing of the cattle sector. APHA carry out inspections and approval of embryo collection, production and transfer teams. Users of these services are currently charged fees which were introduced in June 2013.

Following APHA undertaking an efficiency review of Bovine Embryo work processes to ensure they are as efficient as possible and the introduction of a new FCR model, which is aligned to HM Treasury guidance revised fees have been calculated to be charged to customers. These fees will be charged on a GB wide basis.

Policy objectives and intended effects

The objective of this policy is to charge the full costs of licensing and approving Bovine Embryo (Collection, Production and Transfer) Teams and Storage centres. This is fair to users of the services and taxpayers. More generally it also promotes the rational allocation of resources across the economy.

Expected level of business impact

The bovine embryo industry is very small. Currently there are 8 Bovine Embryo Collection and Production Teams approved, and this is not expected to change significantly in the future. These businesses are medium sized. There is one business approved for embryo collection in Wales. There were 30 applications for approval in Wales during the period in question.

APHA carry out, on behalf of the Competent Authority, a range of services to this industry in relation to approval of Bovine Embryo premises, production teams, laboratories, and storage centres.

Based on visit and travel timings, the annual cost to business of the current fees is about £13k and £2.3k in Wales. (15.3%) The annual cost from 5/7/23 will be £2,872, rising to £2,978 on 1/7/24. The percentage increases vary according to the activity, but the overall fee increase in Wales is 28.7% from 1/7/24.

There are no additional costs to businesses associated with receiving, processing and paying invoices as these are existing charges for which invoices are currently issued in the baseline.

In view of the data, option 1 is recommended, as this will allow businesses time to adjust to the increased charges. Option 2 would result in an immediate move to FCR, removing the opportunity for business to adjust to the changes, therefore, this is not the preferred approach.

Bovine Embryos- (collection, production and transfer) - Fees payable under the Bovine Embryo (Collection, Production and Transfer) Regulations 1995. 1995 Regulation					
Activity	Wales volumes (adjusted to pre-Covid levels)	Option 0 Current fees	Option 1 Proposed Phased Fees from 5 July 2023 to 30 June 2024	Option 1 FCR of fees from 1 July 2024	Option 2 FCR fees from 5 July 2023
Time spent by a veterinary officer carrying out the specified activities in this table (in addition to each of the fees specified below) - fees are per quarter hour or part quarter hour spent	63	£ 16.00	£ 22.00	£ 22.00	£ 22.00
Time spent by a veterinary officer travelling to and from premises for the purpose of activities specified below - fees are per quarter hour or part quarter hour spent up to a maximum of 6 times the fee	45	£ 21.00	£ 22.00	£ 22.00	£ 22.00
Considering an application for approval or reapproval of - a bovine embryo transfer team: under regulation 4 of the 1995 Regulations - a store under regulation 16 of the 1995 Regulations: - a store and its supervisor under regulations 16 and 19 of the 1995 Regulations: or - a single bovine embryo collection or production team (with or without an inspection of a laboratory) under regulation 6 or 7 of the 1995 Regulations	2	£ 28.00	£ 38.00	£ 47.00	£ 47.00
Considering an application for approval of each additional laboratory or store from the same applicant where the inspection is completed on the same day	2	£ 9.00	£ 13.00	£ 16.00	£ 16.00

Considering an application for re-approval of a laboratory or a store following any alterations	0	£ 25.00	£ 34 .00	£42.00	£ 42.00
Carrying out routine inspection of records of a single bovine embryo production, collection or transfer team and re-inspection of a single laboratory or store	14	£1700	£23.00	£ 28.00	£ 28.00
Carrying out routine inspection of records of each additional bovine embryo production, collection or transfer team, and re-inspection of each additional laboratory or store	12	£4.00	£ 6.00	£ 7.00	£ 7.00
Totals	138	£2,313.00	£2,872.00	£2,978.00	£2,978.00

Competition Filter Test – Bovine Embryos

The competition filter test	
Question	Answer yes or no
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	No
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	No
Q4: Would the costs of the regulation affect some firms substantially more than others?	Yes
Q5: Is the regulation likely to affect the market structure, changing the number or size of businesses/organisation?	No
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	Yes
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	Yes
Q8: Is the sector characterised by rapid technological change?	No
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	No

11. Border Control Posts (Fee increase and change to charging arrangements)

Background

Fees for Border Control Post (BCP) checks on consignments of live animals from third countries are being increased.

Fees will increase to FCR from 5 July 2023.

Policy objective and intended effects

The objective of this policy is to charge industry the full costs of providing veterinary inspections at the border. This is fair to users of the services and taxpayers. More generally it promotes the rational allocation of resources across the economy.

Expected level of business impact

No table provided as no current Border Control Posts in Wales, so no impact assessment possible.

Under the current fees the total revenue raised/total cost to business is around £737k per annum across GB. Although there are presently no airports in Wales that import animals, this legislation is necessary for new Border Control Posts at seaports, including those in Wales to cover animals imported from the Republic of Ireland. There is no data available on the number of live animals that are currently imported through Welsh ports in a typical year. A further unknown is the extent to which the creation of BCPs alongside ports in Wales could alter import patterns. As a result, it is not possible to estimate the cost increase to businesses as a result of these Regulations. Moreover, the main cost increase importers will face is a result of Brexit (and the new requirement for checks at the newly established BCPs - which is something separate to these Regs) and that the impact of the fee increase brought about by these Regs is relatively small in comparison.

Importers of live animals range from individuals to large scale pharmaceutical companies (insects). Imports are primarily related to retail sectors (rather than farmers) including imports of tropical fish and reptiles for pet shop/hobby market and trout eggs for fisheries. Annually approximately 5,000 organisations and individuals import live animals into GB from a third country. Of these imports approximately 90% are by individuals and 10% by business institutions.

Competition Filter Test – Border Control Posts

The competition filter test	
Question	Answer yes or no
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	No
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	No
Q4: Would the costs of the regulation affect some firms substantially more than others?	Yes
Q5: Is the regulation likely to affect the market structure, changing the number or size of businesses/organisation?	No
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	Yes
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	Yes
Q8: Is the sector characterised by rapid technological change?	No
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	No

11. Animal By-Products (Fee increase and change to charging arrangements)

We are recommending phasing the new fees over two years:

- 5 July 2023 to 30 June 2024 – 50% uplift of the fees
- 1 July 2024 – FCR using the latest charging methodology

The Fees and Charges Team have reviewed the ABP Fees in the current legislation (Statutory Instruments – England 2018/666, Scotland 2018/176 and Wales 2018/646).

Due to methodology changes in APHA's cost recovery (Charge Out Rates) and review of the work performed by APHA, they are no longer full cost recovering on this scheme. The Proposed Fee increases are shown in the table in the section below.

In addition, APHA would like to simplify the Routine Visit fees, so they are the same visit fee regardless of the number of fees expected throughout the year. When the 2018 SI was introduced, the assumption was that the customer would pay for a package of visits upfront, this has not happened and therefore, APHA are invoicing for each visit. We would like to change the wording and the fees in the SI to agree with what is being performed by the agency. There will be no need to highlight this to the customer because although this is a change to what is shown in the SI, it is not a change from what is being applied.

The APHA Fees and Charges team recommend 12 months uplift (5 July 2023 to 30 June 2024) at 50% for all fees except the Add-on Charges and then FCR (as shown in the Proposed Fees column below) from 1 July 2024. Although this will delay achieving FCR, it should be more acceptable to the customers and other stakeholders, considering the size of the increases. Both sets of fees would be identified in the Affirmative SI.

Table Fees payable by the operator of an establishment or plant for an application for approval or conditional approval under Articles 24 and 44 of the EU Control Regulation (Table included for information. No volumes recorded for Wales)					
Activity	Wales volumes (adjusted to pre-Covid levels)	Option 0 Current Fees	Option 1 Phased Fees from 5 July 2023 to 30 June 2024	Option 1 FCR of fees from 1 July 2024	Option 2 FCR fees from 5 July 2023
Time spent by a veterinary officer travelling to and from premises for the purpose of activities in this Table	0	£ 21.00	£22.00	£22.00	£22.00
Time spent by an officer of the Welsh Ministers (other than a veterinary officer) travelling to and from premises for the purpose of activities in this Table	0	£14.00	£12.00	£12.00	£12.00
Time spent by a veterinary officer for the purpose of activities identified in this Table after the first 60 minutes of a site visit to assess suitability for approval	0	£16.00	£22.00	£22.00	£22.00
Time spent by an officer of the Welsh Ministers (other than a veterinary officer) for the purpose of administration of additional visits and connected activities	0	£6.00	£11.00	£11.00	£11.00
Additional administrative fee for 7 per invoice 13 per invoice production of invoices for additional visits or connected activities	0	£13.00	£21.00	£21.00	£21.00

Consideration of an application for approval of a rendering plant processing animal by-products that includes a site visit of up to 60 minutes	0	£1785.00	£2134.50	£2484.00	£2484.00
Consideration of an application for approval of an establishment or plant carrying out the transformation of animal by-products and/or derived products into compost that includes a site visit of up to 60 minutes	0	£951.00	£1147.00	£1343.00	£1343.00
Consideration of an application for approval of an establishment or plant carrying out the transformation of animal by-products and/or derived products into biogas that includes a site visit of up to 60 minutes	0	£951.00	£1147.00	£1343.00	£1343.00
Consideration of an application for approval of an establishment or plant carrying out the handling of animal by-products after their collection, by way of operations such as sorting, cutting, chilling, freezing, salting, removal of hides and skins or of specified risk material that includes a site visit of up to 60 minutes	0	£485.00	£586.00	£687.00	£687.00
Consideration of an application for approval of an establishment or plant carrying out the storage of animal by-products or derived products that includes a site visit of up to 60 minutes	0	£485.00	£586.00	£687.00	£687.00
Consideration of an application for approval of an establishment or plant manufacturing pet food that includes a site visit up to 60 minutes	0	£395.00	£476.00	£557.00	£557.00
Consideration of an application for approval of an incinerator plant that includes a site visit of up to 60minutes	0	£395.00	£476.00	£557.00	£557.00
Totals	0	0	0	0	0

Table-Fees payable by the operator of an establishment or plant for an inspection site visit undertaken under Article 20 of the EU Control Regulation					
Activity	Wales volumes (adjusted to pre-Covid levels)	Option 0 Current Fees	Option 1 Phased Fees from 5 July 2023 to 30 June 2024	Option 1 FCR of fees from 1 July 2024	Option 2 FCR fees from 5 July 2023
Time spent by a veterinary officer travelling to and from premises for the purpose of activities in this Table	443	£21.00	£22.00	£22.00	£22.00
Time spent by an officer of the Welsh Ministers (other than a veterinary officer) travelling to and from premises for the purpose of activities in this Table	0	£14.00	£11.00	£11.00	£11.00
Time spent by a veterinary officer for the purpose of site visits that last longer than 30 minutes	0	£16.00	£22.00	£22.00	£22.00
Time spent by an officer of the Welsh Ministers (other than a veterinary officer) for the purpose of site visits that last longer than 30 minutes	1019	£8.00	£12.00	£12.00	£12.00
Time spent organising site visits and dealing with any action points arising from the visit by an officer of the Welsh Ministers (other than a veterinary officer)	0	£6.00	£11.00	£11.00	£11.00

Fees for the carrying out of the first 30 minutes of an inspection site visit where either an annual or biennial inspection of an approved or registered establishment or plant is required under the Official Controls Regulation	77	£157.00	£188.00	£219.00	£219.00
Fee for carrying out of the first 30 minutes of each of four inspection site visits to inspect an approved or registered establishment or plant where quarterly inspections are required under the Official Controls Regulation - per visit	47	£561.00	£752.00	£876.00	£876.00
Fee for the carrying out of the first 30 minutes of each of twelve inspection site visits of an approved or registered establishment where monthly inspections are required under the Official Controls Regulation - per visit	6	£1658.00	£2256.00	£2628.00	£2628.00
Totals	1592	£71973.00	£85330.00	£95777.00	£95777.00

Policy objectives and intended effects.

The objective of this policy is to charge industry the full costs of collection, transport, storage, handling, processing and use or disposal of animal by-products (ABPs). This is fair to users of the services and taxpayers. More generally it promotes the rational allocation of resources across the economy.

Expected level of business impact

Historically, 70-90% of registered plants have been small to medium enterprises. It will not be possible to waive or provide significant mitigation for these businesses as this would undermine the charging policy objectives. It might also adversely affect the competitive position of larger businesses. APHA are proposing to provide partial mitigation by introducing increases over two years as shown in the table below.

In 2017, APHA carried out 2,773 risk-based inspections of approved premises, and 1,501 risk-based inspections of registered plants and operators. 130 inspection and approval visits were carried out in Wales during the relevant period. Given that the charges being applied for services provided by APHA relate to a small percentage of the overall costs incurred by businesses in their day-to-day activities it is assumed that the proposed increase in costs will not dis-incentivise activity in each area.

It is likely some of the costs will be passed from those businesses on whom charges are levied to their customers up and down the supply chain - such as generators of ABPs (e.g. livestock farmers, abattoirs, & food manufacturers), and from there on to retailers and their customers. For the purposes of this RIA however, we ascribe charges to those ABP plants and processors on which charges are first levied.

We do not expect there to be a decline in competitiveness or the numbers of businesses operating in ABP sectors as a result of charges, as the one-off cost of approval for new businesses is a relatively small proportion of the total cost of setting up a new business, and the ongoing costs of inspection should be manageable, especially if businesses work with APHA to reduce their compliance costs in advance of these changes.

Based on visit and travel timings, the annual cost to business of the current fees is about £460k and £72k in Wales. (15.7%) The annual cost from 5/7/23 will be £85,330, rising to £95,777 on 1/7/24. The percentage increases vary according to the activity, but the overall fee increase in Wales is 33% from 1/7/24.

In view of the data, option 1 is recommended, as this will allow businesses time to adjust to the increased charges. Option 2 would result in an immediate move to FCR, removing the opportunity for businesses to adjust to the changes, therefore this is not the preferred approach.

Competition Filter Test – Animal By-Products

The competition filter test	
Question	Answer yes or no
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	No
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No

The competition filter test	
Question	Answer yes or no
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	No
Q4: Would the costs of the regulation affect some firms substantially more than others?	Yes
Q5: Is the regulation likely to affect the market structure, changing the number or size of businesses/organisation?	No
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	Yes
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	Yes
Q8: Is the sector characterised by rapid technological change?	No
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	No

Overall Summary

Our best estimate of the overall cost of the changes in Wales is approximately £30,600 per annum (from the 1st of July 2024). The majority (over 75%) of the annual cost increase relates to the routine inspection visits needed on approved or registered establishments or plants under the Regulation (EU) 2017/625 15 March 2017 on official controls and other official activities performed to ensure the application of food and feed law, rules on animal health and welfare, plant health and plant protection products. In most cases, the cost increases will be phased-in rather than imposing the full cost increase on businesses in a single year. This, coupled with the costs being spread across a number of different sectors and businesses, is expected to lessen any adverse impact of the cost increases on individual businesses.

The changes are expected to result in a more equitable outcome in which the cost of service provision is transferred from the general taxpayer to the users and direct beneficiaries of the relevant services.